

## **Publication 2**

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**Indiana  
Department  
of  
Revenue**

# **Charity Gaming Information**

For use in answering common charity gaming questions.



**T**his publication is intended to give assistance to the general public. Every attempt has been made to provide information that is consistent with the appropriate statutes, rules, and court decisions in place at the time of this publication's printing.

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## 1996 Legislative Highlights

☞ For an organization to be qualified to conduct charity gaming activities it must be exempt from taxation under Section 501 of the Internal Revenue Code. A copy of the federal determination letter will be required to prove tax exempt status. *Exemption from gross income tax or property tax will no longer qualify an organization.*

☞ All charity gaming license applications must be signed by two officers of the organization. These officers **must** live in the county where the gaming event will be held.

☞ If more than 90 percent of an organization's annual gross revenue (less prize payouts) comes from charity gaming, then the organization is required to donate at least 60 percent of that amount to other qualified organizations. The organizations receiving the donations may not be an affiliate, parent, or a subsidiary of the donating organization. This donation must be in accordance with the lawful purpose of your organization.

☞ A worker is defined as an individual who helps or participates in any manner in preparing for, conducting, helping conduct, cleaning up afterwards, or taking any other action in connection with an allowable event.

☞ An operator or worker may not receive remuneration for preparing for, conducting, assisting in conducting, cleaning up after, or taking any other action in connection with an allowable event.

☞ The Indiana Department of Revenue (Department) may prohibit an operator or an individual who has been found in violation of the charity gaming statutes from associating with any qualified organization's charity gaming and may assess a civil penalty against the individual and/or organization.

☞ The Department is now required to publish a notice when an annual bingo license application has been filed by a first-time applicant. If ten written and signed protests are received by the Department, a public hearing will be held to obtain input on the proposed issuance of the annual bingo license.

☞ The Department will hold a public hearing for the renewal of an annual bingo license if:

- The applicant has been cited for a violation of law or a rule of the Department; or
- The Department confirms, upon investigation of at least three written and signed complaints, that a violation has occurred, that the organization could be cited by the Department for the violation, and the violation has not been corrected by the organization after notice has been given by the Department.

☞ Whenever the Department is required to hold a public hearing concerning a license issued for charity gaming, the hearing must be held in a geographic region established

by the Department. These regions will include the county in which the qualified organization who is seeking or holds a license is located. The Department has designated six geographic regions in which these hearings will be held. The counties in these regions are listed below.

**Region 1  
Counties**

Benton  
Carroll  
Fountain  
Jasper  
Lake  
LaPorte  
Newton  
Porter  
Pulaski  
Starke  
Tippecanoe  
Warren  
White

**Region 2  
Counties**

Adams  
Allen  
Blackford  
Cass  
DeKalb  
Elkhart  
Fulton  
Grant  
Huntington  
Kosciusko  
LaGrange  
Marshall  
Miami  
Noble  
Steuben  
St. Joseph  
Wabash  
Wells  
Whitley

**Region 3  
Counties**

Dearborn  
Decatur  
Delaware  
Fayette  
Franklin  
Henry  
Jay  
Randolph  
Ripley  
Rush  
Union  
Wayne

**Region 4  
Counties**

Bartholomew  
Brown  
Clark  
Crawford  
Floyd  
Harrison  
Jackson  
Jefferson  
Jennings  
Lawrence  
Monroe  
Ohio  
Orange  
Scott  
Switzerland  
Washington

**Region 5  
Counties**

Clay  
Davies  
Dubois  
Gibson  
Greene  
Knox  
Martin  
Owen  
Parke  
Perry  
Pike  
Posey  
Putnam  
Spencer  
Sullivan  
Vanderburgh  
Vermillion  
Vigo  
Warrick

**Region 6  
Counties**

Boone  
Clinton  
Hamilton  
Hancock  
Hendricks  
Howard  
Johnson  
Madison  
Marion  
Montgomery  
Morgan  
Shelby  
Tipton

## 1996 Administrative Highlights

☞ Organizations may be licensed to conduct a "calendar" raffle. This license allows an organization to sell a calendar and conduct daily drawings to determine the winner for that day.

## Definitions

### *Is Charity Gaming Legal?*

Yes, under certain circumstances charity gaming is legal in Indiana. The Department regulates and enforces charity gaming activities. Only qualified not-for-profit organizations may conduct charitable gaming events in Indiana. These gaming events are limited to bingo, raffles, door prizes, a charity game night, a festival event, and the sale of pull tabs, punchboards, or tip boards. You will probably need to be licensed for each type of gaming event you want to conduct.

It is very important that your activities are within the scope of the law. Understanding the provisions of the law ensures your privilege to conduct games for charity and will prevent you from being subject to penalties and additional taxes.

The following **checklist** summarizes your responsibilities:

- \* You must be qualified and approved by the Indiana Department of Revenue.
- \* You must apply for and post a valid license for each type of event.
- \* You must stay within the game and prize limitations.
- \* Your operators and workers at these events must meet certain guidelines.
- \* You must conduct your games within the county where your organization is located (except an annual convention or other yearly meeting of your membership).
- \* All charity gaming license applications must be signed by two officers of the organization who must reside in the county where the gaming event will be held.
- \* The proceeds from charity games must be used for the purpose the organization's exemption was granted.
- \* You must maintain separate accounting records and make the appropriate financial reports.

\* If 90 percent or more of your organization's gross receipts are from charity gaming (less prize payouts) you must donate at least 60 percent of your gaming income (less prize payouts) to other qualified organizations.

\* You must purchase bingo supplies, devices, or equipment, and also pull tabs, punchboards, and tip boards from a distributor or manufacturer licensed by the Department.

Reading the rest of this publication will help you understand the details of the checklist.

### ***Which Organizations Qualify?***

Your organization may conduct legal gaming events if it is a bona fide religious, educational, senior citizen, veteran, or civic/fraternal/charitable organization operating in Indiana and is exempt from taxation under Section 501 of the Internal Revenue Code.

The not-for-profit organizations that are eligible to engage in Indiana charity gaming activities are defined in Title 4, Article 32 of the Indiana Code. A brief description of these organizations follows.

#### **Bona Fide Civic Organization**

A branch, lodge or chapter of a national organization or state organization, or a local organization, that is a not-for-profit organization and is primarily operated for civic, fraternal or charitable purposes.

#### **Bona Fide Educational Organization**

An organization that is not-for-profit and whose primary purpose is educational in nature, and is designed to develop the capabilities of individuals by instruction in public or private elementary and secondary schools and colleges and universities.

#### **Bona Fide Political Organization**

A party, committee, association, fund, or other organization organized and operated for directly or indirectly accepting contributions and making expenditures for an exempt purpose (as defined in Sec. 527 of the Internal Revenue Code). These organizations are the Democratic Party, the Republican Party, an independent party, etc. Note: A political candidate's committee is not a political organization by this definition.

#### **Bona Fide Religious Organization**

An organization, church or body of communicants that is not-for-profit and operated primarily for religious purposes. The organization must operate under Sec. 501 of the Internal Revenue Code and provide written documentation of such.

**Bona Fide Senior Citizens Organization**

An organization that is not-for-profit and has at least 15 members who are at least 60 years old. The purpose of the organization is to support and advance the causes of the elderly or retired persons.

**Bona Fide Veterans Organization**

A local organization or a branch, lodge or chapter of a state or national organization chartered by the United States Congress and is a not-for-profit organization. The members of the organization are or were members of the United States armed forces. The purpose of the organization is for the mutual support and advancement of the organization's membership and patriotic causes.

All organizations that meet one of the preceding requirements must also have been in active, continuous existence for at least five years or be affiliated with a parent organization that has been in existence and operating for at least five years. Except where a qualified organization or its affiliate is having a convention or other annual meeting of its membership, charity gaming events may only be conducted in the county where the Indiana principal office is located. See Form CG-1, Qualification Application, for additional information.

Any hospital licensed under IC 16-21, a health facility licensed under IC 16-28, or a psychiatric facility licensed under IC 12-25 may conduct charitable gaming events only under certain circumstances. (See When No License Is Required on page 8.)

Being exempt from taxation under Section 501 of the IRC does not ensure that your organization is eligible to conduct legal gaming events. Some types of organizations that do not qualify are federal credit unions, pension trusts, and, generally, those organized primarily for social, scientific, or literary purposes.

***What Are Legal Gaming Activities?***

Qualified not-for-profit organizations may conduct certain types of legal gaming activities in the State of Indiana.

These activities include bingo, raffles, door prizes, a charity game night and a festival event as well as the sale of pull tabs, punchboards, and tip boards at these events. *Individuals participating in licensed events must be at least 18 years old* (except for raffles; see Children Under 18 And Gaming on page 27.) Definitions for most of these activities begin on the next page. (See Types Of Licenses Available for definitions of Charity Game Night on page 14 and Festival on page 20.)

**Bingo**

A bingo game is played with regulation bingo cards, sheets, or pads. A player covers the numbers called out by the announcer. The winner of each game is the player who is the first to properly cover the announced pattern of squares on the card.

**Raffle**

A raffle is the selling of tickets or chances to win a prize awarded through a random drawing. Gaming participants will purchase a chance (ticket) to win.

A "calendar" raffle involves the selling of calendars. Daily random drawings determine the winners. Gaming participants will purchase a calendar for a chance to win.

**Door Prize**

A door prize is a prize awarded to a person based solely upon the person's attendance at an event or the purchase of a ticket to *attend* an event. This differs from a raffle event because the gaming participants in a door prize event will *not* purchase a separate chance (ticket) to win.

**Pull Tab**

A pull tab is a single folded, banded ticket, or two-ply card with a perforated break-open tab that has a hidden symbol that determines the winner. The prize must be fully described on the inside of the ticket.

**Punchboard**

A punchboard is a card or board that contains a grid or sections that hide the random opportunity to win a prize based on the results of punching a single section to reveal a symbol or prize amount.

**Tip Board**

A tip board is a board, a placard, or other device marked off in a grid or column, with each section containing a hidden symbol or number that determines a winner.

**Other Games**

Other types of games that may be licensed include cards, dice, wheel games (roulette) and spindles (wheel of fortune type games.) For more information regarding these gaming events, see [Charity Game Night License](#) on page 14.

**Midway-Style Games and Games of Skill**

The games described previously are monitored by the State of Indiana. Midway-style games and games of skill are not regulated by the charity gaming law. Examples of these types of games are:

- \* Cranes - win what the crane lifts.
- \* Games of skill - darts, basketball, watergun races, coin plate or ring toss, golfing, target shooting, etc.

These games do not require any type of licensing or notification from the Charity Gaming Section of the Department.

**Auctions**

Auctions (silent or live) are the sale of items to the highest bidder. They are not regulated by the charity gaming law and do not require any type of gaming license from the Department.

# ***About The Licenses***

## ***First Time Applicants Must File Form CG-1***

To conduct any type of charity gaming, your organization must first be qualified with the Charity Gaming Section of the Department. To do this, you must:

- 1) complete Form CG-1, Charity Gaming Annual Qualification Application;
- 2) attach a copy of your bylaws or articles of incorporation (if applicable) and your federal tax exempt status letter; and
- 3) mail all to the Department.

This Form CG-1, which requires no fee, has been designed to obtain relevant information about your organization and will be reviewed to determine if your organization is qualified to conduct charity gaming events. A letter, post card or license (if applicable) will be sent to you once your organization has been approved.

If you have not filed Form CG-1 and are seeking a particular gaming license, send in a Form CG-1 and a completed license application at the same time. (See What Do I Do After I File Form CG-1? on page 10.)

Form CG-1 will be filed by your organization only once. If any changes (such as new officers) are needed, it is your responsibility to forward this information to the Charity Gaming Section.

Once your organization has been approved, you may need to obtain a license for a particular event. Under certain circumstances a license may not be required. Read the following to see if your gaming events are exempt from licensing requirements.

## ***When No License Is Required***

A qualified organization and a hospital, a health facility, and a psychiatric facility described on page 6, will not be required to get a charity gaming license if:

- \* they have an approved Form CG-1 on file;
- \* they want to conduct a bingo event, charity game night, raffle event, or door prize event;
- \* the total market value of all prizes awarded at the event (including the sale of pull tabs, punchboards, and tip boards sold at the event) is not more than \$1000 for a single event *and* not more than \$3000 total for all non-licensed events during a calendar year; and
- \*the organization registers with the Department at least one week before the event.

See How To Register For Non-Licensed Events below for details.

Organizations that conduct events that are not required to be licensed must maintain accurate records of all financial transactions of the gaming event. A brief financial statement will be required to be completed at year's end and kept with your records.

Note: A qualified organization licensed by the Hoosier Lottery to purchase Hoosier Lottery pull tabs is not required to get a charitable gaming license in order to sell the Hoosier Lottery pull tabs.

### **How To Register For Non-Licensed Events**

In order to conduct a gaming event without a license, your organization must register with the Department at least two weeks *before* the event by sending a letter that explains the following:

- \* name of your organization;
- \* location and date of your gaming event;
- \* type of event to be held (bingo, charity game night, raffle or door prize);
- \* the name, social security number, date of birth, address and telephone number of the event's operator(s); and
- \* a breakdown of the total prize amounts actually awarded at all non-licensed events held before this one during the same calendar year, and the dates of those events.

**Important:** If the qualified organization plans to hold a non-licensed bingo event more than once a year it must provide the following information to the Department by the earlier of March 1 of each year **or** two weeks before the first bingo event of the year:

- \* the estimated number of planned bingo events for the calendar year;
- \* the location(s) where the bingo events will be held;
- \* the estimated amount of revenue expected from each bingo event; and
- \* the name, social security number, date of birth, address and telephone number of the event's operator(s).

Organizations who conduct events that are not required to be licensed must maintain accurate records of all financial transactions of the gaming event. A brief financial statement will be required to be completed at year's end.

**Question:** We want to raffle off a quilt worth \$600. Do we need a license?

**Answer:** No license will be required if you have an approved Form CG-1 on file, you haven't exceeded the \$3000 maximum prize total for the year, and you register with the Department at least two weeks before the event.

**Question:** We've already held two non-licensed events this year:

- a bingo event, where the total prizes were \$1000; and
- a raffle event, where the total prizes were \$1000.

Is there a limit on the number of non-licensed events we can hold this year?

**Answer:** Yes. Your organization can only award up to \$3000 for the whole year at non-licensed gaming events. Since you've already awarded \$2000, you can award no more than \$1000 at any other non-licensed event(s) you want to hold during the rest of the year.

**Question:** We've held one non-licensed bingo event and two non-licensed raffle events and have given away \$3000 in prizes so far this year. Do we have to get a license for the raffle we plan to hold next month?

**Answer:** Yes. Since you have already reached the \$3000 maximum amount that can be awarded in prizes each calendar year without being required to have a gaming license, you'll have to be licensed for any additional gaming events for the remainder of the year.

**Question:** Will we be allowed to have a non-licensed raffle and bingo event on the same day if the prize totals are under \$1000 for each event?

**Answer:** No. Only one gaming event may be held each day, regardless of whether or not a license is required. See When Events May Be Held on page 30.

### ***What Do I Do After I File Form CG-1?***

If your games exceed the prize limitations discussed on page 8, you must complete a separate license application for each type of gaming event you want to conduct. The applications are due at least six weeks<sup>1</sup> before your scheduled event. This will allow the Department time to process your application(s) and mail the license(s) to you.

There are six different types of licenses available. They are:

- \* Annual Bingo License
- \* Special Bingo License
- \* Charity Game Night License
- \* Raffle License
- \* Door Prize License
- \* Festival License

Each type of license allows your organization to conduct a limited number of gaming events with certain prize limitations. There are also restrictions on how often you may receive each type of license during the year. The following section, Types Of Licenses Available, will explain the rules and regulations that apply to each type of license.

<sup>1</sup> The first annual bingo license can take up to 60 days to process.

## ***Types of Licenses Available***

### **Annual Bingo License**

There are two different types of bingo event licenses. The first is called an Annual Bingo License and is available for those organizations that conduct bingo events throughout the year. The second bingo license is a Special Bingo License which is described on page 12.

An Annual Bingo License allows the following games to be played:

- ☞ Multiple bingo events
- ☞ Door prize drawings
- ☞ The sale of pull tabs, punchboards and tip boards

A bingo event means you may conduct bingo games and door prize drawings within certain limitations. Some of these limitations are explained below. Also, read the section When Events May Be Held on page 30 of this publication.

Note: An Annual Bingo License may not be required if the value of the prizes awarded at each event is not more than \$1000, and not more than \$3000 is awarded during the calendar year for all non-licensed gaming events. See When No License Is Required on page 8 for further details.

### **Prize Limitations**

- \* The prize for one bingo game may not be more than \$1,000.
- \* The total prizes of all bingo games played at one bingo event may not be more than \$6,000.
- \* By getting authorized special permission from the Department you may conduct two bingo events during a calendar year where the total prizes for the bingo event may not be more than \$10,000. (See Special Permission on page 23.)
- \* The total value of all door prizes at a single bingo event may not be more than \$1,500.
- \* The selling price of one ticket for a pull tab, punchboard, or tip board may not be more than \$1.00.
- \* A single prize awarded for one winning ticket in a pull tab, punchboard, or tip board game may not be more than \$300.
- \* The total prizes awarded for one pull tab, punchboard, or tip board game may not be more than \$2,000.
- \* By getting authorized special permission from the Department you may hold a raffle drawing at a bingo event once a year. To do this, you must have a Raffle License for the same date as the bingo event. The prize limitation on the raffle drawing is \$5,000.

This limitation may be increased up to \$25,000 only once a year. (See [Multiple Licenses](#) on page 23.)

### **Do I Need This License?**

This license is used by organizations who play bingo regularly throughout the year.

**Question:** My organization owns its own building and plans to hold bingo every Monday, Friday, and Saturday all year long. Do I need this license?

**Answer:** Yes. You may play bingo for the three days a week listed on your Annual Bingo License. This is the only license that will allow you to hold bingo games all year long.

**Question:** My organization plays bingo on the first and third Saturdays of each month. Do we need this license?

**Answer:** Yes. Because the Annual Bingo License is valid for the entire year, your organization should get this license. It will allow you to legally hold bingo on those Saturdays.

**Question:** We just want to sell pull tabs all year. Is this the right license to get?

**Answer:** Yes. If you don't want to play bingo just check the box on line 4 on your Form CG-2, Annual Bingo License Application, or line 5 on your Form CG-2R, Annual Bingo Renewal Application. This will allow you to sell pull tabs, punchboards, and tip boards all year at your regular meeting hall.

### **Limitation on When You can Conduct these Events**

You may conduct up to three allowable events during a calendar week (Sunday through Saturday). Of these three days, only two days may be consecutive. For example, your organization may conduct bingo events on Wednesday, Friday, and Saturday.

Not more than one qualified organization may conduct an allowable event on the same day at the same location. In other words, you may not combine efforts with another organization and share the profits of a single bingo event.

This license must be renewed each year. To do this, you must complete an annual bingo license application. (See [Licenses Fees](#) on page 24.)

## **Special Bingo License**

The second type of bingo license is a Special Bingo License. This license is usually used by those organizations who want to hold bingo events occasionally (not weekly) throughout the year. This license is good for only one time and location. This license may also be used by Annual Bingo License holders who want to conduct a bingo event on a day that is not listed on their annual license. For example, your organization's

Annual Bingo License lists Tuesday and Thursday as the days of the week you are scheduled to conduct bingo. If you want to hold a bingo event on Labor Day (Monday), you will need to get a Special Bingo License for that particular day.

A Special Bingo License allows the following games to be played:

- ☞ One bingo event
- ☞ Door prize drawings
- ☞ The sale of pull tabs, punchboards and tip boards

A bingo event means you may conduct bingo games and door prize drawings within certain limitations. Some of these limitations are explained below. Also, read the section When Events May Be Held on page 30 of this publication.

Note: A Special Bingo License may not be required if the value of the prizes awarded at the event is not more than \$1000, and not more than \$3000 is awarded during the calendar year for all non-licensed gaming events. See When No License Is Required on page 8 for further details.

### **Prize Limitations**

- \* The prize for one bingo game may not be more than \$1,000.
- \* The total prizes of all bingo games played at one bingo event may not be more than \$6,000.
- \* By getting authorized special permission from the Department you may conduct two bingo events a year where the total prizes for the bingo event may not be more than \$10,000. (See Special Permission on page 23.)
- \* The total value of all door prizes at a single bingo event may not be more than \$1,500.
- \* The selling price of one ticket for a pull tab, punchboard, or tip board may not be more than \$1.00.
- \* A single prize awarded for one winning ticket in a pull tab, punchboard, or tip board game may not be more than \$300.
- \* The total prizes awarded for one pull tab, punchboard, or tip board game may not be more than \$2,000.
- \* By getting authorized special permission from the Department you may hold a raffle drawing at a bingo event once a year. To do this, you must have a Raffle License for the same date as the bingo event. The prize limitation on the raffle drawing is \$5,000. This limitation may be increased up to \$25,000 only once a year. (See Multiple Licenses on page 23.)

### **Do I Need This License?**

This license is for organizations that want to play bingo only a few times during the year.

**Question:** My organization plans to hold one bingo night this year. Do I need this license?

**Answer:** Probably. If the total prizes to be awarded are more than \$1000, or you've held non-licensed gaming events through the year and awarded \$3000, then this is the license to get. This license will allow you to play bingo on the one night that you choose.

**Question:** My organization plays bingo on Saturdays every so often. Do we need this license?

**Answer:** Yes. The Special Bingo License Application must be filed at least six weeks before your Saturday bingo game and is only valid for that one day. Again, if the total prizes to be awarded are more than \$1000, or you've held non-licensed gaming events through the year and awarded \$3000, then this is the license to get.

### **Limitations on When You can Conduct these Events**

Because this Special Bingo License is only valid for a specific date and location, you must apply for a separate license at least six weeks prior to your event for each special bingo event you wish to hold. (See Licenses Fees on page 24.)

Not more than one qualified organization may conduct an allowable event on the same day at the same location. In other words, you may not combine efforts with another organization and share the profits of a single bingo event.

## **Charity Game Night License**

Charity Game Nights are commonly called “Las Vegas Nights” or “Casino Nights”.

A Charity Game Night License allows the following games to be played:

- ☞ Card games
- ☞ Dice games
- ☞ Roulette wheel games
- ☞ Spindle games
- ☞ Door prize drawings
- ☞ The sale of pull tabs, punchboards and tip boards

This means you may conduct card, dice, and wheel games and door prize drawings within certain limitations. Some of these limitations are explained below. Also, read the section When Events May Be Held on page 30 of this publication.

Wagers placed on a card game, dice game, roulette wheel or spindle must be made by using imitation money (e.g., poker chips, tokens, etc.).

The wagering on slot machines, pinball machines, numbers games, banking or percentage games, or bookmaking activities are not included in these legal gaming events.

Note: A Charity Game Night License may not be required if the value of the prizes awarded at each event is not more than \$1000, and not more than \$3000 is awarded during the calendar year for all non-licensed gaming events. See When No License Is Required on page 8 for further details.

### **Prize Limitations**

- \* The total value of all door prizes may not be more than \$1,500.
- \* The selling price of one ticket for a pull tab, punchboard, or tip board may not be more than \$1.00.
- \* A single prize awarded for one winning ticket in a pull tab, punchboard, or tip board game may not be more than \$300.
- \* The total prizes awarded for one pull tab, punchboard, or tip board game may not be more than \$2,000.
- \* By getting authorized special permission from the Department you may hold a raffle drawing at a charity game night once a year. To do this, you must have a Raffle License for the same date as the charity game night event. The prize limitation on the raffle drawing is \$5,000. This limitation may be increased up to \$25,000 only once a year. (See Multiple Licenses on page 23.)

### **Do I Need This License?**

This license is for organizations who would like to play games that combine strategy as well as chance, and includes cards, dice, etc.

**Question:** My organization would like to raise money by sponsoring a Euchre Tournament. There is a five-dollar entry fee for each participant and the winner will receive \$50. Do I need this license?

**Answer:** Probably not. See the details on page 8 concerning When No License Is Required.

### **Limitations on When You can Conduct these Events**

You may hold up to four charity game nights a year (see the *Exception* at the end of this section). The number of charity game night events you hold will limit the number of days you may conduct a festival. For additional information see Limitations on When you can Conduct these Events under Festival License on page 22.

Because a Charity Game Night License is valid for a specific date and location, you must apply for a separate license for each charity game night you wish to hold. (See the License Fees area on page 24.)

Not more than one qualified organization may conduct an allowable event on the same day at the same location. In other words, you may not combine efforts with another organization and share the profits of a single charity game night event.

**Exception:** A bona fide civic organization (as defined on page 5) is allowed to hold one additional charity gaming event (a charity game night or festival event) during *each* six months of a calendar year. This exception means that if four charity game night events and one festival event have been used during the first six months of the year, a civic organization will be able to hold one additional charity game night or one additional festival event in each of the six months of the calendar year.

For example, if an organization has used all four charity game nights during the first six months, they would be eligible to have one additional charity game night during that same six months, and an additional charity game night during the second six months. However, the civic organization may instead choose to conduct a festival event as their additional event for a particular six months.\*

**Question:** My civic organization held two charity game night events during the first six months of the year. It is now October. How many more can we hold this year?

**Answer:** You can hold up to three more charity game night events between July 1 and December 31 (four regular charity game night events for the year plus one additional for the second six months of the year).

\* Note: If you had used all four allowable charity game night events during the first six months, you could have held one more charity game night event during that first six months of the year and one more charity game night event during the second six months of the year.

**Question:** My civic organization wants to hold its fifth charity game night event the second Tuesday of next month. We play bingo with an annual bingo license on Monday and Wednesday nights. Can we get this license?

**Answer:** Yes, as long as you give up playing bingo on one of the regularly scheduled nights. Remember, organizations can hold gaming events up to three days a week, with only two of those days being consecutive. Being able to hold additional events each six months does not change those limitations. See Multiple Gaming Events: Cutting Back your Regular Gaming Days on page 30 for further details.

\* Caution: Be sure to read the Limitations on When you can Conduct these Events under Festival License on page 22.

## Raffle License

A Raffle License is needed when organizations hold raffle drawings as fund-raising events.

A Raffle License allows the following games to be played:

- ☞ Raffle drawings
- ☞ Door prize drawings
- ☞ The sale of pull tabs, punchboards and tip boards

This means you may conduct raffles, door prize drawings, and the selling of pull tabs, punchboards and tip boards within certain limitations at the licensed event. Some of these limitations are explained below. Also, read the section When Events May Be Held on page 30 of this publication.

Note: A Raffle License may not be required if the value of the prizes awarded at each event is not more than \$1000, and not more than \$3000 is awarded during the calendar year for all non-licensed gaming events. See When No License Is Required on page 8 for further details.

### Prize Limitations

- \* The total value of all door prizes at a raffle event may not be more than \$1,500.
- \* The selling price of one ticket for a pull tab, punchboard, or tip board may not be more than \$1.00.
- \* A single prize awarded for one winning ticket in a pull tab, punchboard, or tip board game may not be more than \$300.
- \* The total prizes awarded for one pull tab, punchboard, or tip board game may not be more than \$2,000.
- \* There are no prize limitations on raffle drawings conducted at a raffle event.
- \* By getting authorized special permission from the Department you may conduct a raffle drawing at other allowable events. (See Multiple Licenses on page 23.)

### Do I Need This License?

This license is available to organizations who want to raffle prizes as fund-raising events.

**Question:** My organization will be raffling off a car on July 10. We would like to start selling the tickets in March. Can we do this?

**Answer:** Yes. The raffle license allows you to draw and announce the winners on the date shown on the license. You may sell the tickets for the event as far in advance as you like. However, you *must* have a license in hand before you can advertise for your event or conduct the actual drawing. (See Publicity Before And During The Games on page

31.) Note: Because delays can occur when trying to get licensed for an event, we strongly urge you to have a valid license in hand before starting ticket sales.

**Question:** My organization is an elementary school PTA group. We would like to have the students sell raffle tickets for a trip. Will a Raffle License allow us to do this?

**Answer:** Yes. A child who is less than 18 years of age may *sell* raffle tickets. This license will allow you to conduct your event.

**Question:** My organization raffles off teddy bears made by our members. Do I need this license?

**Answer:** Probably not. Remember, organizations who are raffling away prizes worth less than \$1000 are not required to be licensed (unless they've already reached the \$3000 annual limitation.) However, don't forget to send a letter to the Department telling us when you will be conducting these events and make sure you have an approved Form CG-1 on file.

### **Limitations on When You can Conduct these Events**

Because a Raffle License is valid for a specific date and location, you must apply for a separate license for each raffle event you wish to hold. (See License Fees on page 24.)

Not more than one qualified organization may conduct an allowable event on the same day at the same location. In other words, you may not combine efforts with another organization and share the profits of a single event.

### **Calendar Raffles**

Organizations may be licensed to conduct a "calendar raffle." This license allows an organization to sell a calendar and conduct daily drawings to determine the winner for that day.

- The license application must be filed with the Department no later than March 1.
- The drawing must be held at the address shown on the calendar raffle license.
- The calendar sold must have the organization's license number printed on the raffle ticket contained in the calendar.
- The initial fee for a calendar raffle license is \$25. The fee for each subsequent calendar raffle license will be based on the gross receipts from the previous calendar raffle.
- There are no prize limitations on calendar raffle drawings.
- This license does not allow for the sale of pull tabs, punchboards or tip boards or for conducting door prize drawings.
- Having a calendar raffle license will not prohibit an organization from having another charity gaming license and conducting other gaming events at the same location on the same day.

## Door Prize License

A Door Prize License may be needed when organizations give away door prizes at a fund-raising event.

A Door Prize License allows the following games to be played:

- ☞ Door prize drawings
- ☞ The sale of pull tabs, punchboards and tip boards

This means you may conduct door prize drawings within certain limitations. Some of these limitations are listed below. Also, read the section When Events May Be Held on page 30 of this publication.

A Door Prize License may not be required if the value of the prizes awarded at each event is not more than \$1000, and not more than \$3000 is awarded during the calendar year for all non-licensed gaming events. See When No License Is Required on page 8 for further details.

### **Prize Limitations**

- \* The total value of all door prizes at a door prize event may not be more than \$5,000.
- \* By getting authorized special permission from the Department you may conduct one door prize event each year where the total value of the prizes may not be more than \$20,000. (See Special Permission on page 23.)
- \* The selling price of one ticket for a pull tab, punchboard, or tip board may not be more than \$1.00.
- \* A single prize awarded for one winning ticket in a pull tab, punchboard, or tip board game may not be more than \$300.
- \* The total prizes awarded for one pull tab, punchboard, or tip board game may not be more than \$2,000.

### **Do I Need This License?**

This license is available to organizations who want to promote attendance at an event by having door prize games.

**Question:** My organization has an ice cream social every summer. The entrance ticket stub is torn in half and is put in a jar. At the end of the evening a ticket is drawn to win a color television worth \$1500. Do we need this license?

**Answer:** Yes. You need a license when prizes worth more than \$1000 are awarded.

**Question:** My organization sponsors a concert in the park. The person who has a program with a star on it receives free tickets to the next basketball game. Do we need this license?

**Answer:** Probably not. As long as you have a valid Form CG-1 on file, the value of the tickets is not more than \$1000 (and you haven't reached the \$3000 total prize amount for the year) and you give the Department written information (see How To Register on page 9) about the event ahead of time, then no license will be required.

### **Limitations on When you can Conduct these Events**

Because a Door Prize License is valid for a specific date and location, you must apply for a separate license for each door prize event you wish to hold. (See License Fees on page 24.) Not more than one qualified organization may conduct an allowable event on the same day at the same location. In other words, you may not combine efforts with another organization and share the profits of a single door prize event.

## **Festival License**

This license permits one organization to conduct a variety of charity gaming events for up to four consecutive days (see the *Exception* on page 22).

A Festival License allows the following games to be played:

- ☞ Bingo games
- ☞ Charity Game Night events
- ☞ One Raffle Drawing event
- ☞ Door prize drawings
- ☞ The sale of pull tabs, punchboards and tip boards

This means you may conduct bingo games, charity game night games, and door prize drawings within certain limitations. Also, on one of the four days you will be permitted to hold raffle drawings within certain limitations. Some limitations for these gaming events are explained below. Also, read When Events May Be Held on page 30 of this publication.

### **Prize Limitations**

- \* The prize for any one bingo game may not be more than \$1,000.
- \* The total prizes for one bingo event may not be more than \$6,000.
- \* By getting authorized special permission from the Department you may conduct two bingo events a calendar year where the total prizes for the bingo event may not be more than \$10,000.
- \* There is no prize limitation for the raffle drawings held at a festival event.
- \* The total prizes for door prize events may not be more than \$5,000.
- \* By getting authorized special permission from the Department, you may conduct one door prize event each year where the total prizes may not be more than \$20,000. (See Special Permission on page 23.)

\* The selling price for one ticket for a pull tab, punchboard, or tip board may not be more than \$1.00.

\* A single prize awarded for one winning ticket in a pull tab, punchboard, or tip board game may not be more than \$300.

\* The total prizes awarded for one pull tab, punchboard, or tip board game may not be more than \$2,000.

### **Do I Need This License?**

The term “festival” can be used to describe many different types of events. It may mean a community “festival,” where many organizations set up booths, sell food, have carnival rides, conduct raffles, etc. at the same time. Another common meaning of the word “festival” is one organization selling craft items, bake sales, etc.

The meaning of the term “festival” for charity gaming purposes is somewhat different. The only time you will need a festival license is when your organization is conducting multiple gaming events. The examples below will help clarify the use of this license.

**Question:** My organization participates in a community “festival” one day every year. We raffle off three prizes worth \$1400 and sell food at the festival while other organizations conduct separate events. Do I need this license?

**Answer:** No. Your organization should instead get a raffle license as this is the only charity gaming event you are conducting at the “festival”.

**Question:** My organization participates in a community “festival.” We raffle off several prizes and hold bingo games for three consecutive days. Do I need this license?

**Answer:** Yes. Your organization wants to conduct more than one event for more than one day. A Festival License is the only license that will allow you to do this.

**Question:** My organization sells food at the community “festival.” Do I need this license?

**Answer:** No. You will not need a charity gaming license since your organization is not conducting any type of gaming event.

**Question:** My organization has already conducted one charity game night this year and is considering conducting a festival. How many days may I conduct the festival?

**Answer:** Up to three days. You may use four days a year (January 1 through December 31) to conduct **both** your charity game night events **and** your festival. Therefore, if you use three days for your festival, you cannot conduct any further charity game nights for the rest of the year. (A one-day Charity Game Night + a three-day Festival = four days for the year.) If you would like to have more charity game nights this year, conduct your festival for zero, one or two days.

**Limitations on When you can Conduct these Events**

You may conduct only one festival event a year that may be held for up to four consecutive days (see the ***Exception*** below.) The number of days you may conduct your festival depends on the number of charity events you plan to hold throughout the year (January 1 through December 31.) You are limited to using no more than four days a year for both your charity game night events and festival events. Each day listed on your festival license (despite the types of games you play) is subtracted from the four days allotted to charity game nights.

Example: 1 Charity Game Night  
+3 Day Festival  
4 Day Total

Example: 0 Charity Game Night  
+4 Day Festival  
4 Day Total

***Exception:*** A bona fide civic organization (as defined on page 5) is allowed to hold *one* additional charity gaming event (a charity game night or festival event) during *each* six months of a calendar year. This exception means that if four charity game night events or one festival event have been used during the first six months, a civic organization can hold one additional charity game night or one additional festival event in each of the six months of the calendar year.

**Question:** My civic organization has a festival license for August 28, 29, 30 and 31. Can my additional gaming event be a four-day festival beginning on September 1?

**Answer:** No, because of licensing time constraints. The financial statement from the festival that ended August 31 has to be attached to your next festival license application. Since the Department needs to receive a license application at least four weeks before the scheduled event, you shouldn't try to schedule another festival event until the end of September.

**Question:** My civic organization held a four-day festival in January. How many more can we hold during the year?

**Answer:** You can hold up to two more festival events, one before July 1 (during the first six months of the year) and one on or after July 1 (during the second six months of the year). Note: You may choose to get an additional charity game night license during each six month period instead of getting a festival license. Be sure to read the Limitations on When you can Conduct these Events under Charity Game Night License on page 14.

Not more than one qualified organization may conduct an allowable event on the same day at the same location. In other words, you may not combine efforts with another organization and share the profits of a single festival event.

### ***Pull Tabs, Punchboards, And Tip Boards: Licensing Requirements***

Two different circumstances allow your organization to sell pull tabs, punchboards, and tip boards:

- 1) You may sell these items at licensed event (e.g., Annual Bingo, Special Bingo, Charity Game Night, Raffle [but not Calendar Raffle], Door Prize, or Festival); and
- 2) If you hold an Annual Bingo License, you may sell these items at any time on the premises regularly used by the organization. For example, a lodge has a bingo license and conducts bingo three days a week. You may sell pull tabs, punchboards, and tip boards at the lodge any time the lodge is open.

### ***Special Permission***

You are allowed to increase certain prize limitations at a licensed event with authorized special permission from the Department. The frequency of these requests, plus the dollar amounts available, are listed under each type of license described earlier in this publication.

There is a box on page 3 of each license application (except Forms CG-2 and CG-2R, annual bingo license applications) that you should checkoff to ask for this privilege.

If you currently have an annual bingo license and want special permission to increase certain prize limitations for one of your regularly scheduled days, you must send us a letter at least four weeks before your licensed event. This letter should tell us what you are requesting and the exact date and time of your gaming event. The Department will send you a letter or certificate stating that the special permission has been authorized. This letter *must* be posted at the event to verify that your increased prize limitations were approved by the Department.

**Question:** My organization has an annual bingo license that allows us to play bingo every Monday and Saturday. We want special permission to give away prizes totaling \$10,000 on the first Monday of the month two months from now. What do we do?

**Answer:** Just send us a letter at least four weeks ahead of time letting us know the exact Monday date and that you want the special permission.

### ***Multiple Licenses***

Organizations may want to conduct several different types of charity gaming activities in the same week (i.e., annual bingo events plus single day events such as a charity game night, a raffle, etc.). The general rule is that an organization cannot hold more than one charity gaming event on the same day.

There are two exceptions to this general rule, and they are both concerning raffle licenses.

1) On the raffle license application you may request special permission from the Department to conduct a raffle event once a year at one licensed bingo event and at one licensed charity game night event. The prize limitation on the raffle drawings when held at either a bingo or charity game night event is \$5,000. This prize limitation may be increased up to \$25,000 one time a year with authorized special permission from the Department; and

2) Having a calendar raffle license will not prohibit an organization from having another charity gaming license or conducting other gaming events at the same location on the same day.

There are rules about when games may be held during the week. This will affect the number of multiple licenses that you will be allowed to have. See When Events May Be Held on page 30 for further details.

### ***License Fees***

The fee for the first license in any license category is \$25.

Generally, for a subsequent license, *fees are based on the gross receipts* from the previous event for which the same type of license was held. Note: Prize payouts *are not* to be deducted when figuring the gross receipts on which the license fees are based.

These receipts include:

- 1) the income from all gaming activities held at the event including the sale of pull tabs, punchboards, and tip boards, and
- 2) the sale of tangible personal property specifically sold at the gaming event.

Example: The qualified organization sells key chains, hot dogs, and drinks in the same area as the event being held. This income would be considered part of the gross receipts for the allowable event.

For the Annual Bingo License (which is valid for an entire year), any subsequent license fee will be based on the amount of gross receipts for the entire year.

The receipts include:

- 1) the income from all bingo games and the sale of pull tabs, punchboards, and tip boards sold throughout the year, and
- 2) property specifically sold at bingo events.

Example: The lodge conducts three bingo games a week and sells pull tabs, punchboards, and tip boards seven days a week at the location listed on the Annual

Bingo License. Because the Annual Bingo License allows pull tabs, punchboards, and tip boards to be sold at any time at that location, these receipts are considered to be part of the gross receipts for the bingo license renewal fee.

Note: If an organization does not renew its Annual Bingo License, but an auxiliary or affiliated group applies for a license, the application will be considered a renewal and subject to the fees from the chart below.

The chart below shows the fees for license *renewals*.

<b>License Renewal Fee Chart</b>		
<b>If gross gaming receipts are:</b>		
<b>At least</b>	<b>But less than</b>	<b>The renewal fee is:</b>
\$ 0	\$ 15,000	\$ 25
\$ 15,000	\$ 25,000	\$ 75
\$ 25,000	\$ 50,000	\$ 200
\$ 50,000	\$ 75,000	\$ 350
\$ 75,000	\$ 100,000	\$ 600
\$ 100,000	\$ 150,000	\$ 900
\$ 150,000	\$ 200,000	\$ 1,200
\$ 200,000	\$ 250,000	\$ 1,500
\$ 250,000	\$ 300,000	\$ 1,800
\$ 300,000	\$ 400,000	\$ 2,500
\$ 400,000	\$ 500,000	\$ 3,250
\$ 500,000	\$ 750,000	\$ 5,000
\$ 750,000	\$ 1,000,000	\$ 6,750
\$ 1,000,000	\$ 1,250,000	\$ 8,500
\$ 1,250,000	\$ 1,500,000	\$ 10,000
\$ 1,500,000	\$ 1,750,000	\$ 12,000
\$ 1,750,000	\$ 2,000,000	\$ 14,000
\$ 2,000,000	\$ 2,250,000	\$ 16,250
\$ 2,250,000	\$ 2,500,000	\$ 18,500
\$ 2,500,000	\$ 3,000,000	\$ 22,500
\$ 3,000,000	\$ -----	\$ 25,000

# About The Games

## *Information About Operators And Workers*

### **Operators**

An operator is the person or persons who are the authority on the premises of an allowable charity gaming event, are responsible for supervising and directing other people working at the event, and are responsible for making the required financial reports of the event.

Your organization's operators:

- \* Must be at least 18 years of age;
  - \* Must have been members in good standing of your organization for at least one full year. There is **one** exception to this rule: your operator may be a member (for at least one year) of an auxiliary unit or an affiliated group of your organization **if** those groups are not licensed to conduct gaming activities.
  - \* May not receive any compensation (payment or tips) directly or indirectly for managing your charity games.
  - \* Must not manage a gaming event for any other organization in the same calendar month that they are managing an event for you. You must keep a record of the months they work for you as well as for other organizations;
  - \* Must not have been convicted of a felony within the preceding 10 years;
  - \* May not participate in the games in any manner on the same day they are managing them. For instance, they cannot watch someone's bingo cards while they step out for a few minutes. Also, they cannot play bingo or buy pull tabs, punchboards, or tip boards on the same day that they work at a bingo event (i.e., on breaks or before or after work);
  - \* May not be an employee of the Department or a relative living in the same household with an employee of the Department;
  - \* Your organization must keep complete membership records available in case the Department asks for verification of your operator's or worker's membership status;
- and
- \* Any person or organization outside your membership who enters into a verbal or written contract to manage your charity games operation commits a Class D felony.

**Workers**

A worker is an individual who helps or participates in any manner in preparing for, conducting, helping conduct, cleaning up afterwards, or taking any other action in connection with an allowable charity gaming event.

Your organization's workers:

- \* Must be at least 18 years of age *unless* they are selling raffle tickets (where there is no age limit);
- \* Must have been members in good standing of your organization, auxiliary, or affiliated group for at least thirty (30) days before the event;
- \* May not receive any compensation (payment or tips) directly or indirectly for working at your charity games;
- \* May not participate in any manner in the games on the same day where they are working. For instance, they cannot watch someone's bingo cards while they step out for a few minutes. Also, they cannot play bingo or buy pull tabs, punchboards, or tip boards on the same day that they work at a bingo event (i.e., on breaks or before or after work);
- \* May not be employees of the Department or relatives living in the same household with an employee of the Department; and
- \* Your organization must keep complete membership records available in case the Department asks for verification of your operator's or worker's membership status.

**Compensation for Operators and Workers**

An operator or a worker may not receive any compensation for conducting or assisting with any allowable event. This means people in charge of and assisting with your charity gaming event may not receive tips, goods (e.g., free bingo cards or pull tabs, clothing, jewelry, etc.) or payment of any kind for their services. These services can also include cleaning up after gaming events or taking any other action in connection with an allowable event.

However, the organization may give them meals during the event (soft drinks, sandwiches, pizza, etc.) and recognition dinners and social events if the value of the meals and social events would not be considered a significant inducement to participate in the event.

***Children Under 18 And Gaming***

Generally, an organization may not permit a person under eighteen (18) years of age to play or participate (work) in an allowable event. The *only* exception is when the event is a raffle. A child under age 18 is allowed to *sell* (but not purchase) raffle tickets.

However, a person under age 18 may play or participate (work) in nongambling activities (such as ring toss, fishing, ball throws, etc.) associated with an allowable event. For example, a child would be allowed to sell tickets for a ring toss game or sell chili at a festival.

### ***Where Events May Be Held***

#### **Event Location**

The allowable event may be held only in the county where the principal office of the qualified organization is located. (See the *Exception* below.)

1) For a corporation, the principal office is located at the street address of the corporation as shown on the registration form filed with the Indiana Secretary of State.

2) For other organizations, the principal office is located at the street address of the organization on file with the IRS, the Indiana Department of Revenue, or the county board of review for tax exempt purposes. (If your organization has addresses in more than one county listed with these agencies, contact the Department at (317) 232-4646 for clarification.)

*Exception:* A qualified organization or its affiliate will be allowed to hold a gaming event *once* a year at the convention or other annual meeting of its membership in *any* Indiana county. If you plan on holding a gaming event at a meeting of your organization's membership, and this meeting is to be held in a county other than where your principal office is located, then you *must* attach a letter to your license application informing us that this is the case.

#### **Facility Use Rules**

Charitable gaming events may be held in Indiana facilities that:

- g you own, or
- g you rent (lease), or
- g are donated to you.

A facility that is owned, rented or donated may be used for up to three days, two of which may be consecutive, during a calendar week for charity gaming purposes. For example, bingo games could be held on Monday, Friday and Saturday of the same week in the same facility.

A facility may be rented or donated for up to three days a week for charity gaming purposes. For example, you own a hall that you rent to others for wedding receptions, dinners, etc. You may also rent this hall to qualified organizations for up to three days a week for their charity gaming purposes.

Finally, a facility that is owned may be used for gaming purposes by the organization that owns it and may be rented out (or donated) if it is done within the above requirements. For example, the men's organization owns their facility. The men can hold bingo two days a week and donate their facility to their women's auxiliary

organization one day a week for them to hold bingo (an organization cannot lease or donate its facility to another organization if this would result in more than three events being held at their facility during a calendar week).

### **Leased/Donated Facilities**

Organizations who lease/rent a facility for gaming purposes must attach a copy of the lease to the license application. Despite the type of lease agreement you may have, no organization may pay a total of more than \$200 per day to lease a facility for charitable gaming purpose. (See the *Exception* below.) The \$200 total includes all amounts associated with the facility, such as rent, expenses for set up and tear-down, utilities, insurance, etc. The lease amount may not be based on any part of the revenue generated from the event.

For example, your organization pays on the rented facility:

\$190 per day for rent  
5 per day for liability insurance  
+ 3 per day for city trash pickup  
\$198 total amount paid per day

In the above example the organization kept all expenses associated with renting/leasing a facility under \$200.

Organizations who lease/rent a facility for gaming purposes *must* attach a copy of the lease agreement to the license application. Likewise, organizations who use a donated facility for gaming purposes must attach a notarized statement from the donor concerning the property being donated.

This statement should include the name of the donor, the address of the facility being donated, the fact that the organization is not being charged a fee, etc.

*Exception:* Once a year a qualified organization may rent a facility for more than \$200 a day. This is allowed *only* if the qualified organization or its affiliate is holding an allowable event at an annual convention or other yearly meeting of its membership. If your organization plans to take advantage of this exception, you will need to check the appropriate box on Line 6 of the license application.

### **Personal Property Rental Limitation**

There is a \$50 per day limitation on the rental of tangible personal property that might be used by your organization to conduct a gaming event. This includes the rental of tables, chairs, and related equipment owned or leased by the facility. The rental of tangible personal property cannot be based on the revenue generated by the event. For a festival event, the \$50 limitation only applies to the rental of gambling related equipment and supplies.

### ***When Events May Be Held***

Organizations are limited to the total number of gaming events they may hold each week (Sunday through Saturday.) Generally, gaming events may be held for up to a total of three days a week (of which two may be consecutive.) Note: a calendar raffle drawing is not an "event" for limitation purposes, and will not reduce the number of events your organization can hold each week.

Allowable events may not be held on more than two consecutive days a week (Sunday through Saturday.) For example, you could hold bingo games on Monday and Tuesday and a charity game night on Saturday of the same week. The exception would be if you held a festival license, which allows gaming activities up to four consecutive days (e.g., Monday through Thursday of the same week.)

Your organization is limited to holding only one allowable event each day (unless otherwise authorized by the Department.) For example, if you hold bingo from 10 a.m. to 2 p.m. on Monday, then you can't have a charity game night later that evening. Also, only one organization can conduct an event on the same day at the same location.

A gaming event can be held for up to eight consecutive hours (except for a festival, which can run longer.) There also has to be at least a six-hour break between licensed events. For example, you can hold a bingo game on Saturday from 8 p.m. to 2 a.m. and hold another bingo game on Sunday after 8 a.m.

### **Multiple Gaming Events:**

#### **Cutting Back your Regular Gaming Days**

Your organization must plan its multiple gaming events around the three-day limitation that applies to all organizations (except for a calendar raffle license, which has no such limitation and no bearing on the three-day limitation rule.) For instance, your organization has an Annual Bingo License for Mondays, Wednesdays and Fridays of each week. If your organization wants to hold a Charity Game Night on a Saturday, you must "drop" one of the three bingo days during that week so that you won't go over the three-day weekly limit. A statement telling us which day your organization won't be holding bingo must be sent along with the Charity Game Night License Application before that license can be issued.

Note: Although a festival license may be valid for up to a total of four consecutive days a week, it is considered to be one event for weekly licensing and consecutive day restriction purposes. For example, your organization has a festival license for a particular Monday, Tuesday, Wednesday and Thursday. Since this counts as one event, it may also hold bingo on Saturday of that week (if licensed.)

### ***Gaming Material Purchases***

The laws concerning charity games also include legislation for regulating charity gaming materials (i.e., bingo cards, pull tabs, etc.)

**Important:** Your organization *must* purchase all bingo supplies, devices, equipment and pull tabs, punchboards, and tip boards from manufacturers or distributors licensed by the Department.

You can get a listing of the licensed manufacturers and distributors by contacting the Charity Gaming Section at (317) 232-4646. You must also keep exact records including from whom you purchased all charity gaming materials, the quantities and cost of each item purchased, etc.

### ***Publicity Before And During The Games***

#### **Before the Games**

A qualified organization *must* have a valid license before they can do any advertising. Any printed advertisement, such as newspapers, flyers, etc., *must* contain the name and license number of the organization **in bold print**. An advertisement in broadcast media, such as on the radio, must announce the name and license number of the organization conducting the event by the end of the advertisement. A television advertisement must either show or announce the name and license number of the organization conducting the event.

**Note:** Organizations that are conducting an allowable event at an annual convention or other yearly meeting of its (or its affiliates) membership at a leased facility, and are paying more than the \$200 per day rental limitation, may *only* advertise the gaming event directly to its membership.

#### **During the Games**

The following three items must be prominently displayed at your charitable gaming events.

\* Your license, or a legible photocopy, must be displayed at each gaming event along with any letter from the Department giving your organization special permission to increase prize limitations.

\* You must display a legible sign (of an adequate dimension) at your gaming event giving the name of your organization, your event license number, and the expiration date of the license.

\* You must post a sign that can be easily seen stating 'TIPPING IS NOT ALLOWED'.

# ***What The Department Needs From You***

## ***Accounting Procedures***

You are required to keep a separate ledger for your charitable gaming activities. This ledger must be used to record all proceeds from a gaming event and related activities as well as record all expenses incurred for that event.

You are required to deposit funds received from a charity gaming event into a separate and segregated account set up for that purpose. All expenses of an organization with respect to an allowable event must be paid from this account.

The Department requires a financial reporting of charitable gaming activities. You must separately list the amounts you receive from each type of gaming activity conducted at the allowable event.

For example: A local church had gross receipts of \$10,000 from a festival event. They would report to us the following breakdown:

\$5,000 ..... Bingo  
\$3,000 ..... Pull Tabs  
\$2,000 ..... Raffles

You must also keep a detailed record of the expenses incurred for these gaming events. Some types of expenses include a breakdown of the prizes awarded for each type of activity. In the previous example the prizes awarded were:

Bingo.....\$1,000 Prize Money  
Pull Tabs....\$ 500 Prize Money  
Raffle.....\$ 500 TV (fair market value)

There are five types of financial forms that relate to charity gaming activities:

1) Annual Bingo License Financial Report - which must be filed with the Department by organizations holding an Annual Bingo License. This report must be filed by the 10th day of the month in which your license expires. The financial report must show all income and expenses related to your Annual Bingo License, as well as an ending inventory statement of remaining pull tabs, punchboards and tip boards. The report must also have attached Schedule CG-DIST, upon which a detailed listing must be made of all the amounts distributed for charitable purposes.

2) Single Event Financial Report - which must be filed with the Department by organizations holding any single event license (Raffle License, Special Bingo License, Door Prize License, Charity Game Night License, or a Festival License). This report must be filed within 10 days after the single event has been conducted and must show all income and expenses related to this event. The report must also contain a detailed

listing of all the amounts distributed for charitable purposes and the names of the organizations to whom these distributions were made.

Please keep copies of these financial reports for your records. You will use the gross receipts calculated on these forms to figure the license renewal fees for future licenses. For more information regarding accounting procedures, please request the Indiana Annual Bingo License Financial Report, Form CG-8 or the Indiana Charity Games Single Event Financial Report, Form CG-9.

3) and 4) Gross Receipts Reports - Organizations conducting licensed charity gaming activities must complete a gross receipts report. If more than 90 percent of an organization's annual gross revenues (less prize payouts) comes from charity gaming, then the organization is required to donate at least 60 percent of that amount to other qualified organizations. The organization(s) receiving the donations may not be an affiliate, parent, or a subsidiary of the donating organization. This donation must be in accordance with the lawful purpose of your organization. There are two different kinds of gross receipts reports:

g Annual Bingo License Gross Receipts Report - which must be filed with Form CG-8 by all organizations who hold an annual bingo license. This report must be filed by the 10th day of the month in which the annual bingo license expires. Gross receipts (less prize payouts) from gaming activities are compared to all gross receipts received by the organization for the license's 12-month accounting period.

g Single Event License Gross Receipts Report - which must be filed with the Department by organizations who *do not* have an annual bingo license but who do have charity gaming single event licenses. Gross receipts (less prize payouts) from gaming activities are compared to all gross receipts received by the organization from July 1 of one year through June 30 of the next year. This report must be filed by August 15.

5) Charitable Contributions Distribution Listing - which must be attached to the Gross Receipts Report, Forms CG-21 or CG-22. Contributions made to other organizations and individuals are to be recorded on this schedule.

### ***How To Report Withholding To The IRS***

Because prizes are considered income, the Internal Revenue Service (IRS) may require you to file information returns or withhold income taxes before giving the prize to the winner. Filing and withholding requirements for the State of Indiana follow the IRS guidelines. Therefore, you must first contact the IRS at 1-800-829-1040 to determine what your organization should do.

If the IRS requires you to file Form 1099 Misc (an information return), you should make a copy of this form and send it to the Indiana Department of Revenue, Compliance Division, 100 N. Senate Ave., Indianapolis, Indiana, 46204-2253. This form must be mailed to us by February 28 of the following year.

If the IRS requires you to withhold federal income tax from the prizes, you will also need to withhold Indiana state income tax. Usually, you will give a copy of Federal Form W-2G to the winners. This form shows them how much federal income tax and Indiana income tax you have withheld.

### ***How Do I Withhold Tax For Indiana?***

Again, if you are required to withhold federal income tax you are also required to withhold Indiana state income tax at the rate of 3.4% (Indiana Code 4-32-4-1 and 4-32-4-2).

To do this, you must first make sure you have a state withholding account set up in your organization's name. If your organization has employees such as office workers, teachers, etc., then you are probably already registered with us for withholding. Just send any state amounts withheld for gaming purposes along with your next regularly scheduled withholding payment on Form WH-1, Indiana Employer's Withholding Tax Return.

If you do not have a withholding account you will need to file the Indiana Business Tax Application, Form BT-1, or visit the District Office\* nearest you. All withholding payments are paid on Form WH-1. Payments are reconciled at the end of the year on Form WH-3, Annual Reconciliation of Employer's Withholding Tax Return. Publication WH-13 and Income Tax Information Bulletin #32A will provide helpful information. Contact the Department at (317) 232-2240 for these forms, publications and bulletins.

\* District offices are located in the cities of Bloomington, Clarksville, Columbus, Evansville, Ft. Wayne, Kokomo, Lafayette, Merrillville, Muncie, South Bend and Terre Haute. Their telephone numbers and addresses can be obtained from your local telephone directory or by contacting the Charity Gaming Section at (317) 232-4646.

### ***Income Tax***

There are two types of income tax to be concerned with: gross income tax and adjusted gross income tax. There are two types of classifications of not-for-profit organizations in Indiana: wholly and partially exempt.

#### **Wholly Exempt Organizations**

As a wholly exempt not-for-profit organization, you do not have to pay any income tax on the proceeds from legal games for charity.

It is very important that you understand the criteria for conducting legal games. Refer to the checklist on Page 4 and the rest of this publication for details. Conducting games outside the scope of the law will subject the income received to gross, adjusted gross, and supplemental net income taxes. Your organization will also be subject to various penalties.

**Partially Exempt Organizations**

As a partially exempt not-for-profit organization you must pay gross income tax on the gross receipts (less payouts, i.e., prizes, awards, etc.) from charity games. However, income from legal games for charity is considered related business income and is not taxable for adjusted gross income tax purposes.

Estimated payments made for gross income tax are remitted quarterly on Form IT-6 and reconciled at the end of the year when the income is reported on your annual Form IT-20NP. Contact the Department at (317) 232-2188 for these forms.

It is very important that you understand the criteria for conducting legal games. Refer to the checklist on page 4 and the rest of this publication for details. Conducting games outside the scope of the law will subject the income received to gross, adjusted gross, and supplemental net income taxes. Your organization will also be subject to various penalties.

***Sales And Use Tax***

Your organization will not have to pay sales or use tax on the purchase of bingo supplies, which are limited to cards, boards, sheets, and pads, as well as bingo devices, bingo equipment, pull tabs, punchboards, and tip boards.

Also, your organization will not have to collect sales tax when legally selling the above items to the public.

**30 Day Fund Raising Exemption Rule**

Generally, sales tax is to be collected on the sale of all other tangible personal property. Qualified not-for-profit organizations will be exempted from collecting sales tax from the public if both the following conditions are met:

- 1) The tangible personal property (such as food, drinks, T-shirts, etc.) is sold at a qualified fund-raising event. These events may include chili suppers, charitable gaming events, ice cream socials, etc., and the proceeds must be used to further the not-for-profit purpose of the organization, and
- 2) The fund-raising events must be held on fewer than 31 days during the calendar year.

If the fund-raising events occur on more than 30 days in a calendar year, then sales tax must be paid on all the tangible personal property sold during the entire year. This includes the sales made during the first 30 days for fund-raising events as well as sales from additional fund-raising efforts for the year.

If you conduct more than 30 days of fund-raising events, you need to register as a retail merchant with the Indiana Department of Revenue. To do this, you must complete the Indiana Business Tax Application, Form BT-1. You may mail the application to the Department or visit the nearest District Office for assistance.

***The Department's  
Responsibilities  
And Your Protest Rights***

The Department is required to conduct investigations necessary to ensure the security and integrity of the operation of charity gaming activities. These investigations can be conducted on the licensed qualified organizations, applicants for charity gaming licenses, any not-for-profit organization that is conducting charity gaming activities, etc. (IC 4-32-13-3) (IC 35-45-5)

An organization may be contacted by the Department with information that a decision, intended decision, or other action concerning a license request or termination of an existing license is going to or has occurred. Any organization that has been contacted with this kind of information and wishes to protest must send a written protest to the Department within seventy-two (72) hours after receipt of the notice of decision, intended decision, or other action. (IC 4-32-8-1)

Pursuant to IC 4-32-8-2, if the Department has contacted an organization with information that their license is going to be revoked, the organization may continue to operate under the provisions of the license until the Department has made a decision and all administrative appeals have been exhausted

**only if**

- (1) they file a written protest of that decision within seventy-two (72) hours after receiving the written information that their license will be terminated

**and**

- (2) the Department has not determined that a state of emergency exists requiring the immediate termination of the license.

***Penalties***

Your license may be suspended, revoked, or fines may be imposed if you do not follow the guidelines of the new law. You may be fined up to \$5,000 for each violation. In addition, a civil penalty of \$100 a day may be imposed for each day a penalty is unpaid. A person or organization that violates any charitable gaming provision commits a Class B misdemeanor. Also, the Department may prohibit an operator or an individual who has been found to be in violation of the charity gaming statutes from associating with any qualified organization's charity gaming and may assess a civil penalty against the individual and/or organization.

### ***Common Errors That Delay Processing Of Charity Gaming Forms***

The following items are the most common reasons why the processing of applications is delayed.

g Missing Not-For-Profit Tax Registration Number - This number can be found on your Indiana Not-For-Profit Tax Registration Certificate, Form IT-35E. This is an eight-digit number beginning with the number seven or eight.

If your organization does not have this number, contact the Department before filing at (317) 232-2188.

g Incomplete Operator and Worker Information - If all information requested is not completed, your application will be returned to you. It is necessary to have a list of all operators and workers as well as their social security numbers, dates of birth, length of affiliation with the organization, addresses and telephone numbers.

g Missing Lease/Rental/Donor Information - A copy of your lease or a notarized statement that the facility you are using is donated must be attached to your license application. Without this information processing will be delayed.

g Missing Financial Statement from Previous Event - These statements are due within 10 days following the event (except for annual bingo license financial reports, which are due the 10th day of the month in which the license expires.) Your next license request (in any category) cannot be issued until all outstanding financial statements are received.

### ***Enforcement***

The Criminal Investigation Division has the duty and power to enforce the law and official rules of the Department as it relates to charity gaming. Complaints of violations of the law should be forwarded to: Indiana Department of Revenue, Criminal Investigation Division, 100 N. Senate Ave., Rm 181, Indianapolis, IN 46204.

### ***Where To Get Help***

It is very important that you understand the provisions of the law, accurately account for all gaming materials and funds, and contact the Department of Revenue when in doubt. You can reach us by mail at: Indiana Department of Revenue, Charity Gaming Section, 100 N. Senate Ave., Rm N 203, Indianapolis, IN 46204; or

visit us in **Room N105** of the Indiana Government Center North building and request to speak to someone in the Charity Gaming Section; or

call us at (317) 232-4646.

### Checklist - When to File What

1. Form CG-1 (Annual Qualification Application)	File one time	See page 8
2. Specific License Applications	File 6 weeks before event	See pages 11-22
3. Special Permission Request	Letter sent 6 weeks before event	See page 23
4. Financial Reports: Annual Bingo	File by 10th day of license expiration month	See page 32
5. Financial Reports: Single Events	File 10 days after event	See page 32

### Forms Summary

Form Name	Form Title	Form Description	Number Per Year	When to File
CG-1	Annual Charity Games Qualification Application	Verifies organization can legally hold gaming events	First time License Applicants Only	
CG-2	Bingo License Application	License is valid for one year for up to three days a week	First time Annual License Applicants Only	
CG-2R	Bingo License Renewal Application	License is valid for one year for up to three days a week	One	Once a year After first year
CG-3	Special Bingo License Application	License is valid for one day	Unlimited	6 Weeks Before Event
CG-4	Charity Game Night License Application	License is valid for one day to play cards, dice, and wheel games	Up to 4 <sup>1</sup>	6 Weeks Before Event
CG-5	Raffle License Application	License is valid for one day no limit on raffle prizes	Unlimited	6 Weeks Before Event
CG-6	Door Prize License Application	License is valid for one day for prizes based on attendance	Unlimited	6 Weeks Before Event
CG-7	Festival License Application	License is valid for up to 4 days to play multiple types of games	One <sup>1</sup>	6 Weeks Before Event
CG-8	Annual Bingo License Financial Report	Must show all income and expenses related to this license	One	10th day of license expiration month
CG-9	Single Event Financial Report	Must show all income and expenses related to a license	Unlimited	10 days after event
CG-21	Annual Bingo License Gross Receipts Report	Compares gross gaming receipts to all gross receipts	One	10th day of month of license expiration
CG-22	Single Event License Gross Receipts Report	Compares gross gaming receipts to all gross receipts	One	August 15
CG-DIST	Charitable Contribution Distribution Listing	Listing of contributions made to other organizations	Unlimited	With Forms CG-8 or CG-9
CG-INV	Charity Gaming Ending Inventory Statement	Pull tab, punchboard, and tip board ending inventory	One	With Form CG-8
CG-NSR	Nightly Summary Report	Recommended record keeping method for daily financial reports	<b>Complete per gaming event. Keep with financial records.</b>	

<sup>1</sup> See exception for civic organizations under license description on pages 16 and 22